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EMPLOYEE GROUP LIFE INSURANCE AND SICKNESS BENEFIT PLANS

In the Dominion Bureau of Statistics Reference Paper No. 8 (1949) different types of employee pension and retirement plans were briefly described. The information was taken from booklets which had been issued by some employers to their employees for the purpose of acquainting them with existing plans. Some of these were obtained by the Bureau in the course of a Survey of Pension and Welfare Plans in Industry, carried out in 1947.

The same procedure was followed in the preparation of the present Reference Paper. Its purpose is to supplement the information contained in the report on the aforementioned survey, regarding group life insurance and sickness benefit plans. The survey was mainly concerned with the extent of coverage and certain characteristics of the various welfare plans, and was not designed to supply data on the amount of contributions and benefits.

The following information was compiled from fifty-three booklets which companies had attached to their completed questionnaires in the aforementioned survey. Not all companies which have welfare plans of this type in operation have such printed material available, and, as no request for such material was made by the Bureau, only a limited number of booklets were received. Because some of these booklets were printed for certain companies and their unspecified subsidiaries, it is not possible to say exactly how many firms and employees are actually covered, but it is estimated that close to 100,000 employees and their dependents are involved.

These notes, therefore, must be regarded as descriptive of the different types of plans rather than indicative of their extent. There is a certain amount of uniformity, however, in some of the features and for that reason the information presented here is thought to be of interest.

Prepared in Public Health Section - Health and Welfare Division.

Group Life Insurance Plans

Of the companies under study, 28 have group life insurance plans for their employees. With the exception of one administered by a non-profit organization, the plans are part of a "package" which also provides for some kind of sickness benefit. Premiums cover both life insurance and sickness benefits. Administration and eligibility requirements for participation in the plan are the same as for the respective sickness benefit plans.

The benefits provided consist of a lump sum ranging from \$200 to \$20,000. Even under some individual plans the range is as wide as \$500 to \$20,000, depending on earnings. Seven of the plans provide for fixed uniform amounts varying from \$1,000 to \$2,000; in one case the amount is lower for female hourly paid employees. In addition to a lump sum not exceeding \$1,400, some plans provide for eleven or twelve monthly payments ranging from \$60 to \$400. Three of the companies have separate plans for salaried and hourly paid employees, only one showing a difference in the benefit scale with the upper limit for salaried employees being \$10,000 compared with \$2,600 for hourly paid.

In case of accidental deaths the benefits are higher under some plans.

Sickness Benefit Plans

Sickness benefit plans described here comprise only those which provide cash benefits, not plans for hospital or medical care services.

Eligibility for Participation in the Plan

With the exception of four plans which place no restriction whatever on participation, a certain length of service is required, ranging from one month to two years.

Benefits

(a) Weekly Sickness and Accident Benefits

Under some plans a fixed weekly amount ranging from \$10 to \$20 is paid for incapacitating illness. In most cases, however, the weekly benefits vary with the employee's earnings. In the latter cases, the lower limits vary from \$5 per week to \$15; the upper limits from \$10 to \$40.

Some non-profit plans provide for payment of full wages, or a certain percentage thereof for a limited length of time.

Where benefits are scaled the actual amount paid is dependent on earnings in some cases, and on length of service in others.

The period for which benefits are paid ranges in most cases from the second

to the thirteenth week of illness, but in some cases payments begin with the fourth or fifth day of illness. In case of accident benefits start usually with the first day of illness. For pregnancies the duration for benefits is usually six weeks.

(b) Daily Hospital Benefits

In case of hospitalization, daily reimbursements are either fixed uniform amounts ranging from \$3 to \$5 under the different plans, or they are scaled according to earnings and contributions, generally from \$4 to \$6, with slight variations occurring either way.

The duration of hospital benefits is limited to 31 days in most cases; in one instance the limit is 21, and in a few cases 70 or 90 days. In maternity cases the duration for benefits varies from 10 to 14 days.

Under some plans the daily benefit rates are lower for dependents. In maternity cases of dependents the duration is reduced in some cases from 14 days to 10 days.

(c) Incidental Hospital Expenses

The limit of reimbursements for incidental hospital expenses is usually five or ten times the amount of the daily hospital benefit.

(d) Surgical Fees

Reimbursements for surgical fees are made in accordance with prepared schedules, the maximum being \$150, except in two cases where it is \$75 and \$250, respectively.

Under some plans these rates are from 30 to 50 per cent lower for dependents.

Cost

The employer pays the full cost under nine of the plans.

Under contributory plans, the amount of the employer contribution is sometimes expressed as a certain percentage of the total cost. Frequently the employee contribution is specified, and the employer's portion expressed as the unspecified balance, or as a certain percentage of the employee contribution plus the cost of administration. Accordingly, the amount of the employee contribution varies widely depending on the benefits provided and the amount contributed by the employer.

Dependents are covered under most of the plans at additional cost.

Administration

Commercial insurance companies administer most of the plans. Some are administered by non-profit organizations such as employee benefit associations.



